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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF MISSISSIPPI

BK 2 PG 127
W.E. DAVIS CH. CLK.

RE: LAWRENCE KYLE HALE
ANGELA MICHELLE HALE

Debtor(s)

v.

THE PEOPLES BANK & TRUST
COMPANY

Plaintiff

v.

LAWRENCE KYLE HALE
ANGELA MICHELLE HALE

Defendant

CASE NO. 02-17230

ADVERSARY PROCEEDING NO.
03-01108

9/8/03 201 AM
Clerk of Court
W.E. Davis
Clerk
D.S.

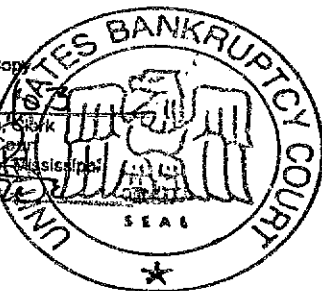
FINAL JUDGMENT

THIS DAY this case came on to be heard on joint motion, of debtors, Lawrence Kyle Hale and Angela Michelle Hale (hereinafter "Debtors"), and The Peoples Bank & Trust Company (hereinafter the "Peoples Bank") for Entry of Offer of Judgment and it appearing to the court that the parties desire to compromise the above adversary proceeding, and Debtors and their counsel have consented to entry of this Final Judgment by executing same, and on the stipulation of the parties, the court makes the following findings:

(1) This court has jurisdiction over this adversary proceeding based upon 28 U.S.C. §1334 and upon 11 U.S.C. §523.

Certified a True Copy

Date 9/16/03
Joseph E. Wroton, Clerk
U.S. Bankruptcy Court
Northern District of Mississippi



FILED 16 DAY OF Sept 20 03

Deale K. Thompson
CIRCUIT COURT CLERK, DESOTO COUNTY, MISS.

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Final Judgment 10-1

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(2) This is a core proceeding. It is related to Case No. 02-17230 styled "In Re: Lawrence Kyle and Angela Michelle Hale" presently pending in this court.

(3) The Peoples Bank holds a promissory note from Hale's Material Handling Service, Inc., Note No. 2900000072-5 (the "Subject Note"), dated July 13, 2001, in the original principal amount of \$189,118.05. The Debtors, Lawrence and Angela Hale, executed and delivered to The Peoples Bank separate continuing guaranty contracts under which they agreed to guaranty all indebtedness of Hale's Material Handling Service, Inc. to The Peoples Bank including the indebtedness due and owing under the Subject Note. As shown on the face of the Subject Note, the indebtedness of Hale's Material Handling Service, Inc. to The Peoples Bank was secured by a first lien on all equipment, inventory, accounts, and general intangibles, now owned or thereafter acquired of Hale's Materials Handling Service, Inc.

(4) Prior to the filing of the petition initiating this case, Hale's Material Handling Service, Inc. defaulted on the Subject Note and The Peoples Bank filed suit seeking judgment, jointly and severely, against Hale's Material Handling Service, Inc. and Debtors for the entire outstanding balance, plus interest, attorneys fees and cost. Attached to the Complaint was a true and correct copy of the Default and Final Judgement obtained by The Peoples Bank against Debtors, Lawrence and

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Angela Hale, and Hale's Material Handling Service, Inc. in the amount of \$215,426.85, plus interest at the rate of 7.75% per annum from and after December 23, 2002, together with all cost of the action.

(5) Under the terms of the Subject Note, Hale's Material Handling Service, Inc. and the Debtors, as owners and the sole officers of Hale's Material Handling Service, Inc., agreed that they would not sell or transfer any of the collateral pledged by Hale's Material Handling Service, Inc. without the prior written consent of The Peoples Bank.

(6) Shortly before the Debtors, Lawrence and Angela Hale, filed for bankruptcy relief, they caused to be transferred to a newly formed corporation, US Forklift Service, Inc., which corporation is purportedly owned by the parents of debtor, Angela Hale, all the remaining tangible assets of Hale's Material Handling Service, Inc. (the "Subject Collateral"), and as partial consideration for said transfer allegedly received \$5,000.00 from US Forklift Service, Inc.

(7) The Debtors knew or should have known that any proceeds received by them as a result of the transfer of the Subject Collateral were subject to the lien of The Peoples Bank, but despite such knowledge, the Debtors retained or caused Hale's Materials Handling Service, Inc. to retain such

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proceeds for purposes other than reduction of the indebtedness due and owing to The Peoples Bank.

(8) Debtors and The Peoples Bank have agreed to compromise The Peoples Bank's claim on the terms and conditions set forth herein.

IT IS, THEREFORE, ORDERED, ADJUDGED, AND DECREED as follows:

(A) The Peoples Bank shall have and recover a final judgment against Debtors in the amount of \$6,500.00 together with cost and interest at the rate of 7.75% per annum.

(B) The \$6,500.00 owed by Debtors to the Peoples Bank under this judgment shall not be released, affected, or discharged by this case or by any order of discharge previously or hereafter granted to Debtors in this case, or any subsequent case, and shall otherwise be non-dischargeable within the meaning and purpose of 11 U.S.C. §523(a).

(C) The Peoples Bank and Debtors have agreed that Debtors may satisfy their obligation to the Peoples Bank under this judgment, and the Peoples Bank shall cancel the judgment, provided the Debtors timely pay to the Peoples Bank the sum of \$6,500.00, with interest at the rate of 7.75% per annum, on the terms hereafter set forth.

(D) Debtors shall pay to the Peoples Bank thirty-six (36) monthly installments the amount of \$202.93 beginning on the

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15th day of the month following entry of this Judgment, and continuing on the same day each month thereafter until paid in full.

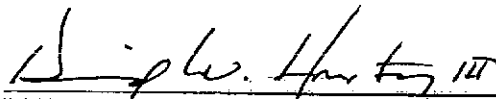
(E) The Peoples Bank agrees not to execute and enforce the \$6,500.00 judgment against any property, funds, or assets of Debtors provided Debtors timely make the payments set forth by the foregoing paragraph (D) as they come due. The Peoples Bank shall further satisfy and cancel this judgment if Debtors pays in a timely manner all of the payments required by the foregoing paragraph (D). Debtors may prepay the amounts due under paragraphs (C) and (D).

(F) Should Debtors fail to timely pay any of the payments required by the foregoing subparagraph (D) within thirty (30) days from the date when said payments are due, the Peoples Bank shall be entitled to accelerate balance due under this judgment, together with interest thereon, less any payments previously made by Debtors, and shall be further authorized to execute on and enforce this judgment against Debtors and any of their properties and assets in any manner provided by law.

(G) This judgment shall constitute a final judgment pursuant to Bankruptcy Rule 9021 and Rule 58 of the Federal Rules of Civil Procedure.

SO ORDERED this the 8th day of September, 2003.

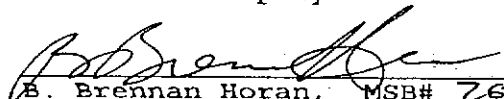
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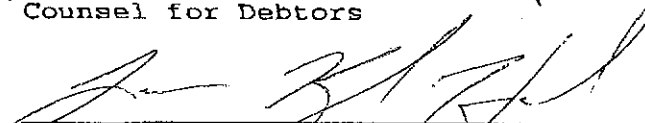

DAVID W. HOUSTON III
U.S. BANKRUPTCY JUDGE

AGREED TO AND APPROVED FOR ENTRY:

MITCHELL, VOGUE, CORBAN & HENDRIX


Stephen M. Corban MSB# 6519
Counsel for The Peoples Bank
and Trust Company


B. Brennan Horan, MSB# 763
Counsel for Debtors


Lawrence Kyle Hale


Angela Michelle Hale